REPORT

LOUISIANA PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA

DECEMBER 31, 2013

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA

INDEX TO REPORT

DECEMBER 31, 2013

Hienz & Macaluso LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 26, 2014

Louisiana Public Employees
Deferred Compensation Commission
Louisiana Public Employees
Deferred Compensation Plan
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Public Employees Deferred Compensation Plan, which comprise the statement of net position available for benefits as of December 31, 2013, and the related statement of changes in net position available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

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effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Louisiana Public Employees Deferred Compensation Plan as of December 31, 2013, and the changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the Louisiana Public Employees Deferred Compensation Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Public Employees Deferred Compensation Plan's internal control over financial reporting and compliance.

Hienz & Macaluso, LLC
Metairie, LA

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

The Management's Discussion and Analysis of the Louisiana Public Employees Deferred Compensation Plan's financial performance provides an overview of the Plan's financial activities for the year ended December 31, 2013. Please read this in conjunction with the Plan's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position available for benefits and the statement of changes in net position available for benefits provide information about the activities of the Plan. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

CONDENSED FINANCIAL INFORMATION

	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012	Percentage Increase (Decrease)
Total assets	$ 1,369,550,658	$ 1,216,210,559	13%
Total liabilities	(2,199,869)	(4,660,562)	-53%
Total net position	1,367,350,789	1,211,549,997	
Additions:			
Contributions	$ 101,990,910	$ 100,221,559	2%
Net investment income	154,825,326	101,930,586	52%
Total plan additions	256,816,236	202,152,145	
Deductions:			
Benefit payments	96,726,684	78,874,810	23%
Administrative fees	4,161,226	4,895,466	-15%
Commission expenses	127,534	134,453	-5%
Total plan deductions	101,015,444	83,904,729	
Change in plan net position	$ 155,800,792	$ 118,247,416	

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The Plan assets increased by 12% and net investment income increased by 52% in 2013 due to more positive returns in the markets. Participant contributions to the Plan did not change significantly in 2013. Benefit payments and rollovers increased by 23% in 2013, for those participants who retired, severed employment, suffered an unforeseen financial emergency, purchased service credit from their pension system, received a loan and/or transferred assets from the Plan to another provider.

DESCRIPTION OF CURRENTLY KNOWN FACTS

The Louisiana Deferred Compensation Commission, in fulfilling its fiduciary responsibilities, continued to monitor the performance of the Plan's core fixed and variable investment options. With assistance from the Plan consultant, Wilshire Associates, the Commission closely monitored the fee structure of the Plan along with the investment companies that manage the Plan's investment options. In 2013, based on the recommendation of their consultant, the Commission saw lower recordkeeping, loan and participant administrative fees implemented. The Custom Stable Value revenue sharing was reduced and a fund change took place to reduce the operating expenses of seven funds in the Plan. The closure of the state's public hospital system affected the Plan, resulting in record distributions. A payroll automation project was implemented to convert all payrolls using paper to the Plan Service Center, a Great-West program for processing contributions electronically. A beneficiary campaign was conducted to capture missing and non-electronic information and the Plan began partnering with LASERS in order to improve participants' retirement readiness through the launch of a podcast and the addition of fliers to the retirement system's website. The Commission members received fiduciary training from Marilyn Collister of Great-West at the December educational retreat.

Respectfully submitted,

Louisiana Deferred Compensation Commission

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS
DECEMBER 31, 2013

ASSETS:		
Cash	$	679,366
Contributions receivable		689,477
Due from plan administrator		77,758
Receivable for securities sold		1,520,512
Investments, at fair value:		
Mutual funds		739,830,502
Self-directed brokerage accounts		5,042,722
Investments, at contract value:		
Guaranteed investment contract		621,710,321
Total assets		1,369,550,658
LIABILITIES:		
Accounts payable		515,111
Payable for securities purchased		1,684,758
Total liabilities		2,199,869
NET POSITION AVAILABLE FOR BENEFITS	$	1,367,350,789

See accompanying notes.

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
STATEMENT OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2013

ADDITIONS:		
Contributions	$	101,990,910
Investment income:		
Net appreciation in fair value of investments		135,852,132
Interest and dividends		18,973,194
Total investment income		154,825,326
Total additions		256,816,236
DEDUCTIONS:		
Administrative fees		4,161,226
Benefit payments		96,726,684
Commission expenses		127,534
Total deductions		101,015,444
INCREASE IN NET POSITION		155,800,792
Net position available for benefits, beginning of year		1,211,549,997
NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR	$	1,367,350,789

See accompanying notes.

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

As required by Louisiana Revised Statutes (R.S.) 42:1301-1308, the Louisiana Public Employees Deferred Compensation Plan (the Plan) is supervised by the Louisiana Deferred Compensation Commission, a political subdivision of the State of Louisiana within the executive branch of government. The Commission is composed of seven board members who serve without compensation. The Plan was established in accordance with Section 457 of the Internal Revenue Code of 1986, as amended, for the purpose of allowing officers, employees, and independent contractors of the state or any of its political subdivisions to voluntarily elect to contribute a portion of their compensation into the Plan for the purposes of deferring the payment of federal and state income taxes on the contributions until such time as they are withdrawn by the participants. At December 31, 2013, there were 35,811 participants in the Plan. The commission has no employees.

On December 18, 2001, the commission selected Great-West Life and Annuity Insurance Company (Great-West) as the plan administrator for a term of eight years beginning on January 1, 2002, with an option to extend the term through December 31, 2012. On October 1, 2008, the commission elected to exercise the option to extend the term through December 31, 2012. In 2012, the commission extended the contract with Great-West through December 31, 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles.

REPORTING ENTITY:

The State of Louisiana and any of its political subdivisions offer employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted for any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the State of Louisiana’s or its political subdivisions’ financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

FUND ACCOUNTING:

The Plan uses a pension trust fund to report on its net position and changes in net position. Pension trust funds are used to account for resources that are required to be held in trust for members and beneficiaries of employee benefit plans. The pension trust fund accounts for contributions, investment income and benefits distributed to participants.

BASIS OF ACCOUNTING:

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements, regardless of the measurement focus applied. The transactions of the Plan are accounted for using the accrual basis of accounting and on a flow of economic resources measurement focus where the aim is to report all inflows, outflows, and balances affecting or reflecting an entity’s net position. Accordingly, revenue is recognized when earned and expenses are recognized when incurred. The Plan uses the following practices in recognizing revenues and expenses:

Contributions

Contributions are recognized in the period when the compensation is used to calculate the contributions reported on Internal Revenue Service Form W-2.

Investment Income

Investment income is accrued as earned, net of applicable investment management fees.

Plan Expense

Investment management fees are netted daily from investment income and, therefore, are not a liability of the Plan at December 31, 2013.

Benefits Paid to Participants

Benefits are recorded at the time withdrawals are made from participant accounts.

Investments

Investments in mutual funds and self-directed brokerage accounts are reported at fair value based on published market prices when available. The investment in the Stable Asset Fund is reported at contract value as this is the value realizable by participants. Purchases and sales of fixed and variable earnings investments are recorded on the trade date.

2. PLAN DESCRIPTION:

The Plan is authorized under Section 457 of the Internal Revenue Code. Amounts deferred by participants are limited to $17,500 for 2013. Participants who were age 50 or older by the end of the calendar year were eligible to make additional catch-up contributions of up to $5,500 for 2013. Any amounts deferred are not subject to federal or state income tax withholding nor are they includible as gross income until actually paid or otherwise made available to the participant. At December 31, 2013, there were 546 separate entities participating in the Plan.

Participants of the Plan may withdraw funds from the Plan upon retirement as determined in accordance with retirement laws of that state, separation of service with the state, or financial hardship as approved by the Plan's hardship committee. In addition, beneficiaries of the participant may withdraw funds upon the death of the participant. Upon retirement, participants may select various benefit options, including lump sum payments and periodic payments for a designated term that is not in excess of the life expectancy of the participant or the life expectancy of the beneficiary. Participants may also withdraw funds , or be required to do so by the commission, if contributions have not been made in the past 24 months and if the balance of the participant's account is less than $5,000.

It is the opinion of the State's legal counsel, the Louisiana Attorney General that the State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor.

3. CASH:

Cash includes demand deposits. Under state law, the Plan may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The plan administrator is authorized to invest in various investment products, including mutual funds, United States Treasury bills or notes, life insurance, fixed or variable annuities, and other investments approved by the commission.

As of December 31, 2013, the Plan had cash in demand deposits (book balances) totaling $679,366. Deposit balances (bank balances) of $2,562,027 at December 31, 2013, are fully secured by federal deposit insurance.

4. INVESTMENTS:

The Plan's investment policy is to provide a broad array of diverse investment options, which will enable plan participants to have the flexibility and the vehicles to develop their individual investment portfolio.

4. INVESTMENTS (Continued):

Investments in mutual funds and self-directed brokerage funds are reported at fair value, while the investment in the Stable Asset Fund is reported at contract value. Investments valued at $1,363,565,333 and $3,354,178, are owned by plan participants and the Unallocated Plan Assets, respectively. The Unallocated Plan Assets invests in the Stable Asset Fund. Plan participants invest in various types of investment options. The following itemizes the various investment options and the fair value or contract value of the investments at December 31, 2013:

Investment Options	December 31, 2013
Fixed earnings option, at contract value:	
Stable Value Fixed Income Fund - guaranteed investment contract **	$ 621,710,321
Variable earnings options, at fair value:	
AIM Real Estate Fund Institutional - mutual fund	15,656,145
Ariel Appreciation Institutional - mutual fund	15,750,995
Artisan Mid Cap Institutional - mutual fund	33,434,172
Blackrock EAFE Equity Index Coll F - mutual fund	16,412,126
Blackrock Russell 1000 Index Coll F - mutual fund **	110,236,263
Blackrock Russell 2000 Index Coll F - mutual fund	14,268,006
Blackrock US Treasury Infl Protected Securities - mutual fund	5,058,562
Janus Twenty Fund J - mutual fund	30,172,512
Perkins Small Cap Value N - mutual fund	33,158,239
LifePath Index 2015 Fund J - mutual fund	16,418,942
LifePath Index 2020 Fund J - mutual fund	18,806,936
LifePath Index 2025 Fund J - mutual fund	17,030,946
LifePath Index 2030 Fund J - mutual fund	15,456,525
LifePath Index 2035 Fund J - mutual fund	12,910,224
LifePath Index 2040 Fund J - mutual fund	8,284,661
LifePath Index 2045 Fund J - mutual fund	4,217,213
LifePath Index 2050 Fund J - mutual fund	1,939,075
LifePath Index 2055 Fund J - mutual fund	1,379,743
LifePath Index Retirement Fund J - mutual fund	18,079,905
Loomis Sayles Bond I - mutual fund	26,547,155
Mainstay High Yield Corporate Bond I - mutual fund	3,828,993
MFS International Value R5 - mutual fund	18,599,341
Oppenheimer Developing Markets I - mutual fund	28,812,320
T. Rowe Price Equity Income Fund - mutual fund	43,968,065
T. Rowe Price Growth Stock Fund - mutual fund	48,941,941
American Century Equity Income Institutional - mutual fund	23,964,578
PIMCO Total Return Institutional - mutual fund	36,538,675
RS Small Cap Growth Y - mutual fund	15,157,080
American Funds EuroPacific Gr R6 - mutual fund	17,070,197
American Funds Capital World G/I R6 - mutual fund	31,211,873
American Funds Washington Mutual R6 - mutual fund	18,218,759
Touchstone Mid Cap Growth Y - mutual fund	38,300,335
Self-directed brokerage accounts - managed accounts	5,042,722
	$ 1,366,583,545

** Investments that represent 5% or more of the Plan's net position as of December 31, 2013.

5. ALLOCATED LIFE INSURANCE CONTRACTS:

The Plan allows itself to be a conduit for the payment of life insurance premiums by participants to certain life insurance providers. These policies are not available for direct investment and have been excluded from the Plan's assets.

The face amount of life insurance in force with Reliance Insurance Company was $824,193 as of December 31, 2013. The cash surrender value of these policies in force with Reliance was $549,797 as of December 31, 2013. The face amount and cash surrender value of life insurance in force with Commercial Life Insurance Company was $62,269 as of December 31, 2013.

Participants, upon retirement or termination of employment, have the option of transferring ownership of the policy and may continue to make life insurance payments directly to Protective or Commercial Life, or may receive the cash surrender value of the policy.

6. CONCENTRATION OF CREDIT RISK:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. The Plan invests in the Stable Asset Fund, which represents 50% of total Plan investments. The Plan has no policy concerning concentration of credit risk.

7. CREDIT RISK:

Credit risk is defined as the risk that an insurer or other counter-party to an investment will not fulfill its obligations. The Plan has no policy concerning credit risk. The Plan invests in the Stable Value Fixed Income Fund which is an unrated investment product. As of December 31, 2013, the average credit rating of the underlying investments within the Stable Asset Fund was AA.

8. CUSTODIAL CREDIT RISK:

Custodial credit risk is defined as the risk that in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral that is in possession of an outside party. Investments managed directly by Great-West and self-directed brokerage account investments are held in separate accounts and therefore are not subject to custodial credit risk. Investments held in separate accounts represent 100% of total Plan investments. The Plan has no formal policy regarding custodial credit risk.

9. INTEREST RATE RISK:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has no formal policy concerning interest rate risk. The Plan is exposed to interest rate risk through its investment in the Stable Asset Fund. The Plan evaluates interest rate risk on the Stable Asset Fund by its duration. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates. The average duration of the Stable Asset Fund was 3.8 years as of December 31, 2013.

10. INVESTMENT INCOME:

The annual rate of interest credited to participant accounts on investments with the various investment products for the year ended December 31, 2013, is as follows:

Investment Product		
Stable Asset Fund	Interest Crediting Rates:	
	January – March	2.95%
	April – June	2.95%
	July – September	2.85%
	October – December	2.70%

Interest credited to participant accounts is reported as interest income in the statement of changes in net position available for benefits.

Investment income earned on the Plan's variable earnings options are not expressed as a percentage because earnings result from gains or losses arising from investment transactions and fluctuations in fair value of the applicable investments.

11. ADMINISTRATIVE FEES:

During the year, the Plan incurred $4,161,226 in administrative fees of which $2,420,302 represents investment related administrative fees and $1,740,924 represents administrative fees from Great-West Life & Annuity Insurance Company (Great-West). Administrative fees from Great-West are set at $66 per participant per annum and are designed to accurately reflect the actual cost incurred for each participant. The fees are calculated and deducted quarterly based on the number of participants at the end of each quarter. These fees are paid from the Unallocated Plan Assets.

12. RELATED PARTY TRANSACTIONS:

In addition to acting in the capacity of plan administrator for the Louisiana Public Employees Deferred Compensation Plan, Great-West Life Assurance Company, through its

12. RELATED PARTY TRANSACTIONS (Continued):

wholly-owned subsidiary, Great-West Life & Annuity Insurance Company, offers fixed annuity and mutual fund products to Plan participants. At December 31, 2013, investments in those products represented approximately 99.9% of total Plan assets. These investments are held in separate asset accounts, which are not subject to the general creditors of Great-West Life & Annuity Insurance Company. See footnotes 13 and 14 for additional related party disclosures.

13. STABLE ASSET FUND:

The Commission has a contract in place with Great-West Life & Annuity Insurance Company to provide investment management services for the Stable Asset Fund. The contract provides for an annual fee that accurately reflects the actual costs incurred for managing the assets within the Fund. These fees are in addition to the administrative fee and the fee for the Commission Activity Fund as detailed in notes 11 and 14, respectively. Fees are calculated using a "ratcheted" rate based on the level of assets held by the Fund. As of December 31, 2013, these rates ranged from 0.22% to 0.28%. During the year ended December 31, 2013, Great-West Life & Annuity Insurance Company charged fees of $1,103,781 for investment management services of the Fund.

At December 31, 2013, participant account balances in the Stable Asset Fund total $621,710,321. The fair value of the net assets of the Stable Asset Fund as of December 31, 2013, is $630,707,735. The difference between the participant account balances and the net assets of the Fund is attributable to unrealized gains or losses on investments and differences between the crediting rate and actual interest earned.

14. COMMISSION EXPENSES:

The Louisiana Public Employees Deferred Compensation Commission maintains an account referred to as the Unallocated Plan Assets (UPA) that is included within the pension trust fund. These funds are the property of the Plan and are used to pay for the expenses of the Plan. The UPA has a balance of $3,354,178 at December 31, 2013, which is included in the investment balance reported in the financial statements. The UPA is funded by fees deducted quarterly from Plan participant's accounts by Great-West. Each year the Commission determines the fees necessary to fund the UPA. The Commission has set the annual fee as follows: $15 per year on accounts valued between $0 and $6,000; 0.25% between $6,001 and $10,000; 0.20% on the next $20,000; 0.15% on the next $20,000; 0.10% on the next $25,000; and 0.00% thereafter. These fees are deducted quarterly from Plan participant accounts. During the year ended December 31, 2013, the UPA received interest in the amount of $94,297, received revenue sharing income in the amount of $572,576 and collected fees from participants in the amount of $1,537,653. Revenue sharing fees and interest earned on UPA balances have been used to reduce the fees that otherwise would be deducted from participant

14. COMMISSION EXPENSES (Continued):

accounts. Administrative fees to Great-West and other commission expenses, paid from the UPA, for the year ended December 31, 2013, totaled $1,740,924 and $127,534 respectively.

Hienz & Macaluso LLC
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 26, 2014

Louisiana Public Employees
Deferred Compensation Commission
Louisiana Public Employees
Deferred Compensation Plan
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Public Employees Deferred Compensation Plan as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the Louisiana Public Employees Deferred Compensation Plan's basic financial statements, and have issued our report thereon dated June 26, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Public Employees Deferred Compensation Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Public Employees Deferred Compensation Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Public Employees Deferred Compensation Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Public Employees Deferred Compensation Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC
Metairie, LA